



**STATE BOARD OF EQUALIZATION**

450 N STREET, SACRAMENTO, CALIFORNIA, 95814

PO BOX 942879, SACRAMENTO, CA 94279-0081

916-322-2270 • FAX 916-324-3984

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Third District, Long Beach

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Fourth District, Los Angeles

STEVE WESTLY  
State Controller, Sacramento

RAMON J. HIRSIG  
Executive Director

**STATE BOARD OF EQUALIZATION MEETING  
450 N Street, Room 121, Sacramento  
June 30-July 1, 2005  
NOTICE AND AGENDA**

**Thursday, June 30, 2005**

Agenda items occur sequentially. When circumstances warrant, the Chair may modify the order of the items on the agenda.

**BOARD COMMITTEE MEETINGS\* (convene at 9:30 a.m.)**

**BUSINESS TAX COMMITTEE ..... Mr. Chiang, Chairman**

1. Proposed revisions to Regulation 1620, *Interstate and Foreign Commerce*, to clarify the application of tax to locomotives purchased for use in interstate commerce.

**PROPERTY TAX COMMITTEE ..... Mr. Parrish, Chairman**

1. *Proposed Adoption of Guidelines for the Assessment of Properties Financed Using Low-Income Housing Tax Credits*
2. Consideration of Proposed Property Tax Rule 23.2, *Valuation of Interests in Publicly Owned Ports and Harbors*

**BOARD MEETING\*\* (convenes upon adjournment of the Board Committee Meetings)**

**SPECIAL PRESENTATIONS**

- Superior Accomplishment Award Program

**ORAL HEARINGS****C. SALES AND USE TAX APPEALS HEARINGS**

*(Contribution Disclosure forms required pursuant to Govt. Code § 15626)*

- C1 Barr-Mullin, Inc., 82997  
For Petitioner: Paul Nelson, Representative  
Alexander Mullin, Taxpayer  
Courtney Mullin, Taxpayer  
For Department: Kevin Hanks, Hearing Representative
- C2 Quality Scientific Plastics, Inc., 242464  
For Petitioner: Stephen Okoniewski, Representative  
For Department: Brad Heller, Tax Counsel
- C3 International Investment Properties, Inc., 144677  
For Petitioner: Paul Grewal, CPA  
For Department: Kevin Hanks, Hearing Representative
- C4 Nortel Networks, Inc., 140851, 150425  
For Petitioner: Suzanne Beaudelaire, CPA  
Jeff Hendrickson, CPA  
Jeffrey G. Varga, Attorney  
Patricia Yu, Witness  
For Department: Randy Ferris, Tax Counsel
- C5 Rosalie Wardell, 115009  
For Petitioner: Rosalie Wardell, Taxpayer  
Marcus Wardell, Witness  
For Department: Susan Wengel, Tax Counsel
- C6 Charles C. Kelley, 220111  
For Petitioner: Charles Chris Kelly, Taxpayer  
Daniel Thompson, CPA  
For Department: Steve Smith, Tax Counsel

**BOARD MEETING\* (convenes at 1:30 p.m.)****C. SALES AND USE TAX APPEALS HEARINGS**

*(Contribution Disclosure forms required pursuant to Govt. Code § 15626)*

- C7 Davinder Singh Pabla, Mohinder Singh Pabla, Dial Kaur Pabla, 194819, 205731  
For Petitioner: Rattan Dhaliwal, Attorney  
For Department: Kevin Hanks, Hearing Representative

- C8    Tri-Air, Inc., 240935  
       For Petitioner:                Charles L. Robinson, Taxpayer  
    Bill Fanucchi, CPA  
       For Department:             Steve Smith, Tax Counsel
- C9    Synergem, Inc., 217118  
       For Petitioner:                Chris Rosinski, Accountant  
       For Department:             Trecia Nienow, Tax Counsel
- C10   Harjinder S. Birdi, 215318  
       For Petitioner:                Harjinder S. Birdi, Taxpayer  
       For Department:             Carla Caruso, Tax Counsel
- C11   William E. Wehrli, 253121  
       For Petitioner:                William Wehrli, Taxpayer  
    Michelle Wehrli, Witness  
    R. William Wehrli, E.A.  
       For Department:             Kevin Hanks, Hearing Representative

## F. PUBLIC HEARINGS

### F1    Timber Harvest Values .....Ms. Stuckey

On or before June 30, 2005, the Board will estimate the immediate harvest value and adopt schedules for each species or subclassification of timber harvested between July 1 and December 31, 2005. Revenue and Taxation Code section 38204(a).

### F2    Proposed Amendments to Regulation 1698, Records..... Ms. Jarvis

Proposed amendments to Regulation 1698, Records, will require taxpayers participating in the Tax Amnesty Program to retain records for at least ten years. The regulation language is also updated to the current correct usage of capitalized words.

## I. TAX PROGRAM NONAPPEARANCE MATTERS

*(Contribution Disclosure forms not required pursuant to Govt. Code § 15626)*

### I1    Property Taxes Matters ..... Mr. Gau

#### ➤ Audit

1. NOS Communications, Inc., (2416) – “CF”

**CHIEF COUNSEL MATTERS****J. Rulemaking**

**Special Tax**..........**Ms. Cazadd**

J1 Early re-adoption of Emergency Regulation 4056.2, Emergency Sale and Application of Heat-Applied Decal Tax Stamps with Amendments

**K. Business Taxes** .....**Ms. Cazadd**

K1 Authorization to Publish Regulation 1823.4, Place of Delivery of Tangible Personal Property Generally

**L. Property Taxes**.....**Ms. Chung**

L1 Request for authorization to publish Rule 140, Welfare Exemption Requirements for Low-Income Housing Properties, Rule 140.1, Requirements of Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties, Rule 140.2, Requirements for Supplemental Clearance Certificate for Limited Partnership for Welfare Exemption for Low-Income Housing Properties, and Rule 143, Requirements for Irrevocable Dedication Clause and Dissolution Clause for Organizational Clearance Certificate for Welfare Exemption

**M. Other Chief Counsel Matters**

*THERE ARE NO ITEMS FOR THIS MATTER*

**ADMINISTRATIVE SESSION****N. Consent Agenda**.....**Mr. Evans**

N1 Approval of Board Retirement Resolution

- Judy Lee Tashjian

N2 Approval of Board Meeting Minutes

- April 12, 2005
- April 27, 2005

N3 Approval of extensions of time to complete and submit 2005-06 Local Assessment Rolls pursuant to Revenue and Taxation Code section 155 granted to Alpine, Butte, El Dorado, Inyo, Madera, Modoc, Monterey, Orange, Tehama, Trinity and Yuba Counties.

N4 Proposed Special Topic Survey

N5 Proposed Revision to Subscription Fees and Filing Requirement and Fees for Jurisdictional Boundary Statements and Redevelopment Project Filings

**O. Approval of Board Committee Minutes**

- O1 Business Tax Committee
- O2 Property Tax Committee

**P. Other Administrative Matters****P1 Executive Director's Report.....Mr. Hirsig**

Executive Director's opportunity to report on matters of interest to the Board.

- 1. Reorganization Proposals
  - A. External and Legislative Affairs Department
  - B. Sales and Use Tax Department Realignment
- 2. Cigarette Tax Stamp Update
- 3. Electronic Services Update – Initiative I
- 4. Strategic Plan Update

**P2 Adoption of the 2005-06 Private Railroad Car Tax Rate – “CF” .... Mr. Hayes****P3 Adoption of the 2005 Private Railroad Car Roll – “CF” ..... Mr. Siu****ADJOURN**

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Gary Evans, Acting Chief  
Board Proceedings Division

\* Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.

\*\* Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.

"CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.

If substantial revisions to the published text of the regulations are approved at the hearing, the regulations will be re-published for a new hearing date. If only revisions sufficiently related to the published text of the regulations are approved, a notice containing these revisions will be mailed to those persons who commented orally or in writing or who asked to be informed of such revisions. The notice will be mailed at least 15 days prior to the scheduled Board adoption of the regulations to allow time for additional comments.

Agenda items occur sequentially. When circumstances warrant, the Chair may modify the order of items as they appear on the agenda. The hearing location is accessible to the disabled. If you require special assistance, please contact Gary Evans at (916) 445-4394, or e-mail [Gary.Evans@boe.ca.gov](mailto:Gary.Evans@boe.ca.gov), to make special arrangements.



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**BOARD MEETING\*\* (convenes at 9:30 a.m.)**

**A. HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE HEARING**

*(Contribution Disclosure forms required pursuant to Govt. Code § 15626)*

A1 Alfredo Rivera, 295179

For Claimant: Alfredo Rivera, Taxpayer

For Franchise Tax Board: Jean Cramer, Tax Counsel

**B. CORPORATE FRANCHISE AND PERSONAL INCOME TAX HEARINGS**

*(Contribution Disclosure forms required pursuant to Govt. Code § 15626)*

B1 Mercury General Corporation, 145450

For Appellant: Ernest J. Dronenburg, Jr., Representative

Rick Richman, Representative

For Franchise Tax Board: John Penfield, Tax Counsel

B2 Providian Corporation, 186643

For Claimant: Richard Harris, Representative

For Franchise Tax Board: Jeff Margolis, Tax Counsel

B3 The Pacific Lumber Company, 264893

For Claimant: Jeffrey M. Vesely, Attorney

Kerne H. O. Matsubara, Attorney

For Franchise Tax Board: Dennis Haase, Tax Counsel

B4 George and Judy Georgiou, 254030

For Appellant: Russell B. Longaway, Attorney

George Georgiou, Taxpayer

For Franchise Tax Board: Shane Hofeling, Tax Counsel

- B5 Entropic Speech, Inc., 281161  
 For Appellant: Julian C. Roberts, Attorney  
 Paul Starrett, Attorney  
 John Burg, Representative  
 Jeffrey M. Vesely, Attorney  
 Kerne H. O. Matsubara, Attorney  
 For Franchise Tax Board: Dennis Haase, Tax Counsel
- B6 Virtual Media International, Inc., 286398  
 For Claimant: Daniel G. DeBusschere, Taxpayer  
 For Franchise Tax Board: Dennis Haase, Tax Counsel
- B7 Simon Ye, 259427  
 For Appellant: Simon Ye, Taxpayer  
 For Franchise Tax Board: Christine Roloff, Tax Counsel

**C. SALES AND USE TAX APPEALS HEARING**

*(Contribution Disclosure forms required pursuant to Govt. Code § 15626)*

- C1 Joe Singh Sandhu, 186293, 169564  
 For Petitioner: Joe Sandhu, Taxpayer  
 For Department: Kevin Hanks, Hearing Representative

**G. TAX PROGRAM NONAPPEARANCE MATTERS – CONSENT**

*(Contribution Disclosure forms not required pursuant to Govt. Code § 15626)*

**G1 Legal Appeals Matters .....Mr. Levine**

- Hearing Notice Sent – No Response
  1. A. Diamond Production, Inc., 36630
  2. Premier Image, Inc., 251241
- Hearing Notice Sent – Appearance Waived
  3. Michael D. Brown, 215698

**G2 Franchise and Income Tax Matters ..... Mr. Schreiter**

- Decisions
  1. Daniel Acuna, 269711
  2. Caren Armstrong, 260012
  3. Benziger Family Ranch, 283195
  4. Gissel S. Nevarez, 283225
  5. Darrel Alan Travis, 273346
  6. Jerry Throgmorton, 282813
  7. Qian Wang, 286403
- Petition for Rehearing
  8. John Hysore, 260583, 263300, 268643

**G3 Homeowner and Renter Property Tax Assistance Matters..... Mr. Schreiter**

- Decisions
  1. Rodica Bodnar, 288991
  2. David Cano, 296210
  3. Alaska Morris, 298580
  4. Zinaida Shtanskaya, 288513
  5. Pearlie B. Walker, 295130
  6. Derwin Jay Ward, 295186
- Petition for Rehearing
  7. Jasper Bailey, 251837

**G4 Sales and Use Taxes Matters ..... Ms. Henry**

- Redeterminations
  1. Wind USA, Inc., 244378
  2. Kone, Inc., 208212
  3. Filterfresh Acquisition Corporation, 293071
- Relief of Penalty
  4. Rancho Motor Company, Inc., 307645
  5. Gonzales Automotive Group, Inc., 305489
  6. The Good Guys-California, Inc., 307259
  7. Home Shopping, LP., 307329
  8. Cook Medical, Inc., 305671

**G5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Henry**

- Credits and Cancellations
  1. Katherine Yuan Schiffeler, 260807
  2. Blake's at Boundary Oak, LLC, 307983
- Refunds
  3. Fotokem Industries, Inc., 297819
  4. Killingsworth Enterprises, Inc., 306141
  5. Covina-Valley Unified School District, 304830
  6. Decore-Ative Specialties, 260504
  7. Visa U.S.A., Inc., 306974
  8. Children's Hospital Health Center, 293781
  9. Quebecor World (USA), Inc., 141210
  10. Chevrolet Motor Division, 305173
  11. Mercedes-Benz USA, LLC., 304642
  12. San Bernardino County Sheriff's Department, 306775
  13. Cornerstone Propane, L.P., 294781
  14. Minimed Distribution Corporation, 306963
  15. Genzyme Corporation, 306123
  16. Apexon, Inc., 240750
  17. Network Appliance Corporation, 306545
  18. Electroglas, Inc., 286399
  19. Arthrocare Corporation, 304340
  20. Balboa Thrift & Loan Association, 290212

21. Google Technology, Inc., 282871
22. Google, Inc., Will do Business in California, 285917
23. A-L financial Corporation, 269627
24. Greco-Roman, Inc., 305390
25. Wheeled Coach Industries, Inc., 301072
26. Heritage Community Credit Union, 304827

**G6 Special Taxes Matters ..... Mr. Gau**

- Relief of Interest
  1. Tosco Corporation, 305988
- Denial of Claim for Refund
  2. Ultramar, Inc., 244229 – “CF”
- Redetermination
  3. USAA Life Insurance Company, 306031 – “CF”

**G7 Special Taxes Matters – Credits, Cancellations, and Refunds ..... Mr. Gau**

- Refunds
  1. Tosco Corporation, 264248
  2. Americo Financial Life & Annuity Insurance, 307435 – “CF”
  3. BC Life & Health Insurance Company, 154439 – “CF”

**G8 Property Tax Matters**

*THERE ARE NO ITEMS FOR THIS MATTER*

**G9 Cigarette License Fee Matters**

*THERE ARE NO ITEMS FOR THIS MATTER*

**H. TAX PROGRAM NONAPPEARANCE MATTERS – ADJUDICATORY**

*(Contribution Disclosure forms required pursuant to Govt. Code § 15626)*

**H1 Legal Appeals Matters ..... Mr. Levine**

- Petition for Rehearing
  1. D & G Marine, Inc., 82414, 90009, 207531  
Doug Bombard Enterprises, Inc., 240445
- Hearing Notice Sent – No Response
  2. Joaquin E. Hernandez, 217942
- Hearing Request Withdrawn
  3. Allen L. Smith, 197119
- Cases Heard But Not Decided
  4. Larry Cooke, 246683  
Peggy Cooke, 249465
  5. Quality Auto Brokers, Inc., 220313
  6. Hoffmann Homecare, Inc., 244385

**H2 Franchise and Income Tax Matters ..... Mr. Schreiter**

- Opinion
  1. Alan F. and Rita K. Shugart, 221743
- Decision
  2. Amir Mostafavi, 250124

**H3 Homeowner and Renter Property Tax Assistance Matters..... Mr. Schreiter**

- Decisions
  1. Robert S. Engel, 281929
  2. Irene A. Henderson, 283775
  3. Ida Hunter-Lawton, 281312
  4. Joe Santiago, 263154
  5. Madison Shelby, 263148

**H4 Sales and Use Taxes Matters ..... Ms. Henry**

- Denials of Claims for Refund
  1. Trimble Navigation, LTD., 240955
  2. Praxair, Inc., 306183
  3. Reebok International, LTD., 303707
- Denial of Relief of Penalty
  4. MGE UPS Systems, Inc., 306082

**H5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Henry**

- Refunds
  1. Stanford University, 240395
  2. Praxair, Inc., 220277
  3. Reebok International, LTD., 303704

**H6 Special Taxes Matters**

*THERE ARE NO ITEMS FOR THIS MATTER*

**H7 Special Taxes Matters – Credits, Cancellations, and Refunds**

*THERE ARE NO ITEMS FOR THIS MATTER*

**H8 Property Tax Matters**

*THERE ARE NO ITEMS FOR THIS MATTER*

**H9 Cigarette License Fee Matters**

*THERE ARE NO ITEMS FOR THIS MATTER*

**I. TAX PROGRAM NONAPPEARANCE MATTERS**

*(Contribution Disclosure forms not required pursuant to Govt. Code § 15626)*

**I1 Property Taxes Matters**

*THERE ARE NO ITEMS FOR THIS MATTER*

**I2 Offers-in-Compromise Recommendations**

THERE ARE NO ITEMS FOR THIS MATTER

## ADMINISTRATIVE SESSION

### P. Other Administrative Matters



**P1 Adoption of the 2005 State Assessed Property Roll – “CF” ..... Mr. Siu**

### ANNOUNCEMENT OF CLOSED SESSION..... Mr. Evans

#### Q. Closed Session

- Q1 Potential litigation: *Auerbach v. Assessment Appeals Bd. No. 1; Northern Trust Bank of California, Court of Appeal, Second Appellate District, Division 1, Case No. B173649 (Govt. Code § 11126(e)).*
- Q2 Pending litigation: *Comcast Phone of California, LLC v. State Board of Equalization, et al., Alameda County Superior Court Case No. RG04151862 (Govt. Code § 11126(e)).*
- Q3 Pending litigation: *barnesandnoble.com llc v. State Board of Equalization Santa Clara County Superior Court Case No. 104CV032426 (Govt. Code § 11126(e))*
- Q4 Discussion and action on personnel matters (Govt. Code § 11126(a))

## OPEN SESSION

## ADJOURN

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